

been maintained and the Bank of the Republic had shown a favorable balance sheet. The government was able to set aside \$1,000,000 from surplus receipts in 1907 for the purpose of increasing the capital of the bank and permitting expansion of the note issue. Profits for the year were \$728,242, of which the government as sole owner received eighty per cent., or \$592,594. This was more than sufficient to pay the interest on the English loan, which was \$470,000.' The circulation of the Bank of the Republic at the close of 1906 was \$8,331,340 in gold and \$2,598,937 in silver. The circulation of the Italian Bank was \$3,309,280.<sup>a</sup>

#### Banking in Paraguay.

Banking in Paraguay has been in a somewhat chaotic state since the collapse of credit in the Argentine Republic, of which the country is a near neighbor. The circulation was issued for many years by the National Bank of Paraguay, in which the government was a large shareholder. The gold unit of value, prior to the suspension of specie payments, was the English pound sterling, and five paper dollars were paid for ^i in gold. The suspension of the National Bank of the Argentine Republic on January i, 1885, was not followed at once by suspension in Paraguay, but later in the year gold went to a premium of fifty per cent. The National Bank had the option of redeeming in gold or silver, and redeemed in silver until 1889, when the Bank of Paraguay and the River Plate was founded, redeeming its notes exclusively in silver. Both banks were subjected to a severe run in 1890, their silver reserves were reduced, and gold went to 300 per cent, in paper. The National Bank suspended the payment of its obligations and announced that it would be compelled to grant an extension to its customers, many of whom were land owners of large means, but unable to meet their immediate obligations.

<sup>1</sup> Bulletin of the Bureau of American Republics, July, 1908\* XXVII., 214.

<sup>3</sup> Report of the Director of the Mint, spo?, 268.